

STATEMENT OF PURPOSE**RS21234C1**

This act amends IC 63-602W, BUSINESS INVENTORY EXEMPT FROM TAXATION and Section 63-301A, NEW CONSTRUCTION ROLL.

All parcels held by land developers have a taxable value and are subject to annual property taxes depending on current use. In the proposed bill, that portion of value created by the site improvements in the course of a land developer's business is exempt from property tax until a building begins or the title is conveyed from the land developer.

The bill also provides that any reduction in value as a result of this act will be applied to the same new construction roll that had increased as a result of the site improvements. This will prevent a tax shift to other property taxpayer properties.

Commercial, industrial and residential land development provides multiple economic benefits; shovel ready parcels to attract new businesses to the state, enable existing business to expand, and increasing the yearly revenues for all taxing districts across the state. Those additional revenues will be provided closer to when services begin.

FISCAL NOTE

There is no impact on the General Fund.

Local Level

The fiscal impact on local government is difficult to determine. The fiscal impact of this exemption could reduce the value of the New Construction Roll reported by the individual counties in 2012. If the value of the new construction developed and subject to being reported in the New Construction Rolls is less than the reduction as a result of this exemption, revenue available to the local taxing district would be lower. Other factors will help balance the potential reduction; additional new construction as a result of this exemption and property giving up the agricultural exemption by discontinuing ineffective farming because of this exemption. Any reduction will be temporary because this land will eventually be utilized and fully taxed.

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